

EXHIBIT 11-A

SUMMARY OF THE MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

The Montana Community Development Block Grant (CDBG) Program is a federally funded competitive grant program that awards more than \$8 million annually to Montana cities, towns, and counties to help them alleviate serious community needs. The local governments must design all projects to principally benefit low and moderate income persons or families.

Local projects address community needs in three categories: economic development, housing and community revitalization, and public facilities. CDBG funds often serve as a catalyst to make possible other public and private investment that would not otherwise have occurred.

In economic development projects, the State grants a CDBG to a local government, which lends the funds to a private business. In return, the business commits to create a specific number of jobs that it will make available to low and moderate income persons.

In public facility projects, CDBG funds are used in combination with other federal, State, or local funds to make water and sewer system improvements affordable to low and moderate income families.

In housing and community revitalization projects, CDBG funds are used to make low or no interest loans or grants to low and moderate income families for the purpose of rehabilitating homes in substandard condition. Rehabilitation focuses on bringing the home up to basic code standards by improving electrical systems, plumbing, and roofing. Energy conservation measures such as installation of adequate insulation or energy-efficient furnaces, doors, and windows are also common activities.

The federal Housing and Community Development Act of 1974 established the CDBG Program. The U.S. Department of Housing and Urban Development administers the program nationally. The Montana Department of Commerce (DOC) has administered the program for the State of Montana since 1982. Expenditure of public and private funds has supplemented the CDBG awards, making possible millions of dollars of public and private investment, construction activity and job creation for Montanans across the State.

The grant competition for public facilities and housing and community revitalization projects is conducted annually. Public facility applications are due in the spring while the housing and community revitalization applications are due in the fall. Economic development proposals are accepted year round (open cycle). Applications are ranked according to the established criteria for each project category. The grant ceiling for the housing and public facilities project categories is \$500,000. The ceiling for economic development projects is \$500,000 per local government per year. Because of the strong demand for the funds, the Department of Commerce is only able to fund a portion of the applications submitted.